

APPENDIX I

(Paragraph 1.7.6 of Chapter 1)

Role of Compliance Officers

1.0 The responsibilities of a compliance officer

- 1.1** The compliance officer is the person responsible for all aspects of compliance.
- 1.2** The compliance officer shall be expected to demonstrate independence of judgement and to exercise proper day-to-day supervision and control over the activity of the enrolled person.
- 1.3** The compliance officer must be thoroughly familiar with Insurance Distribution Legislation which may be in force from time to time, the conditions that attach to the enrolment of the enrolled person, and take the steps to ensure that the enrolled person's staff are familiar with those conditions, that are relevant to their role within the enrolled person, in particular Chapter 5 in Part B of the Insurance Distribution Rules. This Chapter requires the enrolled person to have adequate operational, administrative and financial procedures and controls to ensure compliance with the regulatory requirements.
- 1.4** The role of a compliance officer is onerous –not least because of the extent of responsibility and the possibility of censure by the competent authority if problems arise. No individual should accept this responsibility lightly –and certainly not without due consideration of the information that follows. Compliance officers are advised to ensure they are clear about the extent of responsibilities. Compliance officers should also be clear whether they could be held personally responsible in the event of a problem. The competent authority expects the compliance officer:
- (a) not to breach, or to permit breaches by others, of internal control procedures and systems or conditions of enrolment to which the enrolled person is subject;
 - (b) upon becoming aware of such breaches, to draw them to the attention of the person concerned and, where appropriate, to the attention of the partners or board of directors;
 - (c) to record, in writing, all such breaches and the course of action taken as a result;

(d) to notify the competent authority of any breach of conditions of enrolment upon being aware of such breach;

(e) to ensure, as far as possible, that incorrect or misleading information is not provided deliberately or recklessly to it, either in supervisory returns or in other way.

1.5 The compliance officer must be aware that the competent authority requires very high standards of conduct and compliance from all intermediaries. A breach of any condition of enrolment and in particular, evidence of bad faith, lack of care and concern for the interests of policyholders, potential policyholders and the general public, deceptive acts and behaviour, and incompetence, shall be all considered to be serious matters.

2.0 Consultation with the competent authority

2.1 The competent authority considers it important to ensure that the compliance officer understands the responsibilities placed upon such role and that it is always prepared to discuss any doubts, worries, suspicions or queries that may arise from time to time in respect of the role of a compliance officer.